UNITED STATES DEPARTMENT OF AGRICULTURE
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THE SHEEP AND LAMB SITUATION

Summary

Present indications are that the lamb crop in the Native Sheep States, in Idaho, and the Pacific Coast States, which supply most of the lambs for summer slaughter, is larger this year than last. Hence, marketings of new-crop lambs this summer probably will be larger than in the summer of 1937, says the Bureau of Agricultural Economics, although the number of grass-fat yearlings to be marketed from Texas is expected to be smaller.

Prices of lambs are expected to decline seasonally during the summer months, as market supplies of new-crop lambs increase. Continued weakness in the consumer demand for meats is in prospect for the summer.

Marketings of both old-crop shorn lambs and early spring lambs were relatively large in May. Inspected slaughter of sheep and lambs was the second largest for the month on record. Prices of lambs were slightly lower in May than in April. And prices of spring lambs at Chicago in May were nearly 30 percent lower than in May 1937. Weakness in the consumer demand for meats and relatively low prices of pelts and wool have been the factors chiefly responsible for the low level of sheep and lamb prices this year.

REVIEW OF RECENT DEVELOPMENTS

BACKGROUND.- During the fed-lamb marketing season (December-April) packers paid $51,000,000 for sheep and lambs slaughtered under Federal inspection, $12,000,000 less than in the corresponding period a year earlier. The live weight of inspected sheep and lamb slaughter during this period, totaling 647 million pounds, was about the same as a year earlier. But prices paid were 20 percent lower, and lowest since the 1932-33 fed-lamb marketing season. Weakness in consumer demand for meats and reduced prices for pelts and wool largely accounted for the relatively low level of sheep and lamb prices.

Prices of lambs decline slightly in May

With an increase over April of 9 percent in inspected sheep and lamb slaughter, prices of both shorn and spring lambs at Kansas City in May were slightly lower than a month earlier. At Chicago, prices of old-crop shorn lambs were comparatively stable during the first 3 weeks of May, but declined rather sharply toward the end of the month. Prices of spring lambs at Chicago, on the other hand, advanced moderately in late May and early June.

Prices of good and choice spring lambs at Chicago averaged about $8.90 per 100 pounds in May, $3.70 lower than a year earlier.

Sheep and lamb slaughter large

Marketings of both old-crop shorn lambs and early spring lambs were relatively large in May. Fed wooled lambs continued to be marketed, but in small volume, until about the middle of the month. The number of sheep and lambs slaughtered under Federal inspection totaled 1,550,000 head, 13 percent more than in May 1937 and the second largest for the month on record.

Out-of-state shipments of early spring lambs from California for the season through June 4 totaled about 421,000 head compared with 357,000 head in the corresponding period a year earlier. Most of the increase in shipments occurred in May, and the eastern movement was nearly completed by early June. A considerable number of such lambs were shorn and pastured locally this year.

Shipments of early Texas lambs and grass-fat yearlings in May were larger than average for the month. But total shipments of sheep and lambs from Texas were smaller than the record large shipments of May 1937.

Condition of sheep and lambs above average

Except in New Mexico, where some ranges are dry, western sheep and lambs made good gains during May. In nearly all of the Western States, the condition of the crop on June 1 was considerably above average for that date. Winter and spring losses of sheep and lambs were smaller than a year earlier, and below the average of recent years. Early summer sheep ranges are generally good, with better feed than a year ago in the northern areas and in Texas.

Early lambs have developed well in Texas, Oregon, and Washington, and fairly well in Idaho. A good crop of late lambs is reported in the northern sections of the Western Sheep States, and a larger crop than last year in Texas.

In the Native Sheep States, sheep and lambs generally wintered well and were in better-than-average condition this spring. And with the condition of pastures on June 1 the best for that date in several years, except in limited areas of the eastern Gulf Coast States, market supplies of new-crop native lambs probably will be relatively large this year.

OUTLOOK

Present indications are that the lamb crop in the Native Sheep States, in Idaho, and the Pacific Coast States, which supply most of the lambs for summer slaughter, is larger this year and generally has made better growth than a year ago. Hence, marketings of new-crop lambs this summer probably will be larger than in the summer of 1937. But the number of yearlings to be marketed from Texas is expected to be smaller than the unusually large number marketed a year ago.

Recent reports from the Western States indicate that there has been practically no contracting of feeder lambs for fall delivery. And the demand for stock sheep has been relatively weak.

Prices of lambs are expected to decline seasonally during the summer months, as grass-fat supplies increase. Because of the present relatively low price level, the decline in lamb prices may be somewhat less than average. But the percentage decline may be about as great. Continued weakness in the consumer demand for meats is in prospect for the summer.

WOOL SITUATION [1/]

Little change in domestic wool prices is expected in the next few months. Favorable factors in the domestic wool situation include the apparent strength in foreign prices in the past 2 months and the stabilizing influence of the loan program of the Federal Government for domestic wools. Unfavorable factors include the present relatively large supplies of wool in this country and in foreign countries and the current low rate of domestic mill consumption with a relatively small volume of unfilled orders held by mills. Mill consumption in foreign countries has continued to decline, although the decline has not been so great as in the United States.

The spread between domestic and foreign prices of wool is now somewhat less than the United States tariff on wool, and imports have been very small in recent months. Supplies of wool now on hand in the United States plus the new domestic clip probably are considerably in excess of domestic mill requirements for the remainder of 1938. Hence, wool imports probably will continue small during the rest of the year.

Mill buying of domestic wools at Boston in May was even smaller than in April. The curtailed buying, together with offerings at country points at prices below Boston quotations was accompanied by slight declines in prices of spot wools at Boston.

The weekly rate of mill consumption of apparel wool in the United States in April was less than half as large as in April 1937 and with the exception of 1932 was the lowest April consumption in the past 21 years. Consumption in the first 4 months of 1938 was the smallest for those months in the 21 years of record. Some improvement in mill sales of wool goods was reported by the New York Wool Top Exchange service in the latter part of May. But orders for fall season wear to date are reported to be small compared with those of the past 2 years.

It now appears probable that the quantity of wool carried over in Southern Hemisphere countries at the beginning of the 1938-39 season in September will be larger than usual. Apparent supplies on May 1 were about 45 percent larger than a year earlier when supplies were fairly small and nearly 30 percent larger than the May 1 average for the 5 years, 1932-36. Latest reports indicate that the severe drought in Australia has been broken, thereby improving the outlook for the 1938-39 clip. South Africa, likewise, has been recovering from drought.

1/ From the June 15 issue of the Demand and Price Situation. For a more detailed discussion see the monthly Wool Situation, copies of which may be obtained from the Division of Economic Information, Bureau of Agricultural Economics, Washington, D. C.

Supplies of sheep and lambs, specified periods

Item	Unit	Year: Average 1924-33	Year: 1936	Year: 1937	Month: May average 1924-33	Month: May 1937	Month: Apr. 1938	Month: May 1938
Sheep and lambs:								
Number slaughtered under Federal inspection 1/.......	Thousands	14,737	17,216	17,270	1,192	1,371	1,425	1,550
Receipts at seven markets 2/	do.	3/15,241	11,892	11,470	3/1,055	814	944	883
		Year: Average 1924-33	Year: 1936	Year: 1937	Month: Apr. average 1924-33	Month: Apr. 1937	Month: Mar. 1938	Month: Apr. 1938
Slaughter under Federal inspection:								
Lambs and yearlings- Number slaughtered..	Thousands	13,678	15,647	15,912	1,081	1,256	1,342	1,354
Percentage of total sheep and lambs....	Percent	92.8	90.9	92.1	92.8	94.1	94.0	95.0
Sheep: Number slaughtered..	Thousands	1,059	1,569	1,358	84	79	86	71
Percentage of total sheep and lambs....	Percent	7.2	9.1	7.9	7.2	5.9	6.0	5.0
Sheep and lambs: Average live weight	Pound	81	85	85	84	87	91	87
Average dressed "	do.	39	40	40	40	41	42	41
Total dressed "	Mil.lb.	569	680	683	46	54	60	58

1/ Bureau of Animal Industry.
2/ Chicago, Kansas City, Omaha, Denver, St. Joseph, Sioux City and St. Paul.
3/ Average 1929-33.

Price per 100 pounds of sheep and lambs, by months, March -May,
1936 - 38

Item	1936			1937			1938		
	Mar.	Apr.	May	Mar.	Apr.	May	Mar.	Apr.	May
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
Slaughter lambs, Chicago-									
Good and Choice	9.90	10.98	1/10.26	11.88	12.22	1/9.99	8.60	8.26	1/7.37
Common and Medium....	9.04	10.01	1/ 8.88	10.59	11.11	1/8.42	7.11	6.44	1/5.82
Slaughter ewes, Chicago-									
Good and Choice.......	5.36	5.70	1/ 4.48	6.62	5.67	1/4.50	4.76	4.82	1/3.62
Common and Medium....	4.36	4.63	1/ 3.36	5.08	4.17	1/2.93	3.46	3.41	1/2.69
Feeding lambs, Omaha-									
Good and Choice......	8.87	9.05	8.99	10.08	10.20	---	7.69	7.21	---
Average price paid by packers-									
Sheep and lambs......	9.39	9.78	9.76	10.99	10.92	9.69	8.27	7.91	
Average price received by farmers -									
Sheep...............	4.36	4.48	4.30	4.81	4.98	4.89	3.97	3.90	3.59
Lambs	8.10	8.46	8.59	8.83	9.19	9.16	7.35	7.23	6.90
Lamb, New York:									
Wholesale carcass: 2/									
Choice	18.19	20.67	22.15	20.28	21.05	21.32	18.33	18.66	18.52
Good	17.65	20.06	21.26	19.35	20.05	20.20	17.69	17.95	17.88
Medium	16.88	19.08	19.68	18.34	18.85	18.88	16.48	16.09	16.39
Pulled wool Boston: 3/									
Choice AA	97.0	93.2	91.2	113.5	113.8	110.0	71.5	72.1	72.5
Choice White B.......	80.2	78.1	75.5	96.0	98.0	94.2	55.5	56.5	57.5
Sheep pelts, packers shearlings, No. 1, Chicago each 4/	1.08	1.00	1.05	1.51	1.55	1.48	0.65	0.52	0.52

1/ Shorn basis.
2/ For Choice and Good carcasses, 38 pounds down; for Medium carcasses, 38 pounds down in 1936 and 1937 and all weights in 1938.
3/ Cents per pound.
4/ Bureau of Labor Statistics.